



US Army Corps of Engineers

US Army Engineering and Support Center, Huntsville



FUPWG

Oct 20-21, 2010

Margaret Simmons
U.S. Army Corps of Engineers
Huntsville Center
(256) 895-1101

Margaret.p.simmons@usace.army.mil

Disclaimer: The views expressed in this presentation are those of the author and do not represent the views of the Army or the Army Corps of Engineers.



ESPC Issues

- **DEMOLISHED BUILDINGS**
 - Contract provides that adjustments can be made for changes in building usage and building occupancy – but doesn't contain the process to make the adjustment
 - Building is demolished so NO ENERGY is being consumed – however this is not due to the ESPC project
 - Should the contractor be given credit? Contracts allows for adjustment so yes. However, since building is gone, contractor cannot make any adjustments to account for energy savings. Since building is using NO ENERGY, should previous building energy usage be stipulated over remaining life of contract since contractor had no control over the decision to demolish that building? Government is realizing the rest of the savings.



ESPC ISSUES CONT.

- ESPC project includes boilers in a housing area and Gov has decided to privatize the housing to a developer
- Agency has no money to T4C the contract.
- How do you work this relationship? Do you invite the housing developer to the table with the ESCO? What is your authority to do this?
- What do you do to ensure project is not adversely impacted by the privatization initiative?
- Can you have developer contribute funds to T4C the ESPC contract?



US Army Corps of Engineers

US Army Engineering and Support Center, Huntsville



CHANGING FROM UTILITY SERVICE CONTRACT TO ESPC CONTRACT

- Agency has current 10 year utility contract with Company X to provide specific utility services to them (building/installation/etc.)
- Energy system is outdated and in need of replacement but there is no Agency funding to accomplish this so Agency looks to ESPC.
- Incumbent Company is displaced and begins letter writing campaign to Congressional delegation, Secretary of the Agency involved, etc.
- Due to finance charges and potential 25 year term of contract, Agency and/or Congressional delegation question the value of the ESPC to the Agency.
- Much education has to be done since most are not aware of what is involved in an ESPC. This often delays projects and can impact cost.
- What can we do to educate and show support for ESPC?



COMPETITION PRIVATE SECTOR V. MATOC POOL

- Incumbent companies, utilities, service providers are not ESCO's under our current suite of multiple award contracts.
- Many of these entities believe that it is not fair that they cannot compete for the project that has been or may be awarded to an ESCO.
- Some believe that they should be allowed to submit unsolicited proposals IAW FAR 15.6.
- Do these really qualify under FAR requirements? Should we give false hope to non-ESPC ESCO's?



PROS & CONS OF DOING BUSINESS UNDER ESPC

- CON – Biggest criticism we see is what Gov pays in finance charges over the life of the contract. Argument is that if Congress had funded, project would have been cheaper. But reality is that Congress is NOT funding. How do we counter?
- PRO – ESCO is required to operate and maintain the equipment over the life of the contract (with exception of a lighting project for us). We should end up with good equipment that is still functional at the end of the contract. Is this happening? Is ESCO giving us failing equipment at end of contract term?
- PRO – ESCOs perform preventive maintenance (which Army does not – we fix what breaks). There should be some way to articulate this as a true cost benefit but it is hard to quantify the value of PM. Any suggestions on how to best articulate this as a benefit?



THOUGHTS/ QUESTIONS?

- Education up the chain – Need coordinated efforts and similar vision of pros/cons
- Renewables – Big challenge in Army is power purchase agreements and approval at Sec Army level
- EUL – New authority within DOD – need to explore
- Hydropower – Renewed effort – looks promising
- Fair opportunity/Task Order Competition – some proposed FAR language that would help
- Update of 10 C.F.R. Part 436 – in light of permanent authorization for ESPC, EISA, etc. (and multiple awards)